

Telecommunications Equipment	2002	2003	2004 (estimated)
Total Market Size	648	840	1,050
Total Local Production	218	282	354
Total Exports	13	16	18
Total Imports	417	542	678
Imports from the U.S.	38	55	72

Telecommunications Services	2002	2003	2004 (estimated)
Total Market Size	1,553	1,758	1,995
Total Local Production	1,335	1,500	1,690
Total Exports	135	160	190
Total Imports	83	98	115
Imports from the U.S.	28	35	44

The above statistics are in US\$ millions and are unofficial estimates.

The telecommunications sector (including equipment, services, and related sectors) is one of the top priorities for development by the Vietnamese government. Vietnam currently has about 10 million telephone subscribers, an increase of 46 percent from 2003. According to Vietnam Posts and Telematics (VNPT), telephone access is currently available to 97 percent of communities in the country, with a teledensity of 12 lines/100 inhabitants. The cellular phone penetration rate is currently about 3.6 subscribers per 100 inhabitants. In 2004, some 3 million new cell phone subscribers were added in Vietnam, an increase of 70% from the previous year.

By the end of 2004, the number of Internet subscribers in Vietnam stood at 2,012,926, with an estimated 6,139,424 people or 7.44 percent of the population using the Internet regularly. It is predicted that by 2010 at least 30 percent of the population will be able to access telecommunications and/or the internet.

In 2004, the country's international bandwidth increased to 1,892 Mbps. Last year, VNPT introduced a Next Generation Network (NGN) to provide a number of new services, such as: 1719, 1800, 1900, MegaWAN, VPN. Competition among mobile network operators in Vietnam is intensifying, as more players enter the market. Viettel, a mobile network operator owned by the Vietnamese military, recently launched a GSM mobile network and offers comparatively lower subscription fees, billing its customers in six-second increments. Vietnam Power Telecom ("VP Telecom"), a company under the Ministry of Industry, recently ran a trial operation of a new mobile network using CDMA technology. This will be the second CDMA-based network, in addition to the current one operated by Saigon Postel (SPT) and South Korean consortium, SLD Telecom. SPT recently received approval to provide fixed-line service throughout the country and Vietnam Airlines is now licensed to provide INMARSAT mobile telecom services to its passengers.

Vietnam is hoping for considerable transfer of technology and know-how from foreign involvement in the telecom sector, although the market is likely to open at a gradual pace in line with Vietnam's commitments under the Bilateral Trade Agreement. Under the BTA, U.S. companies can now establish up to a 50 percent equity joint-venture to provide value-added services, including Internet services as of December 2004. Starting in December 2005, U.S. companies can establish joint-ventures with up to 49 equity ownership to provide basic telecommunications services. However, joint ventures may not construct their own long-distance and international circuits, but must lease them from Vietnamese operators. U.S. companies can establish a up to 49 percent equity joint-venture with Vietnamese partners to provide voice telephone services beginning in December 2007.

The major end-users for the telecom equipment and services are the "big-six" of Vietnam's telecommunications industry:

- 1) Vietnam Posts and Telecommunications Corporation (VNPT)
- 2) Military Electronics Telecommunications Company (Viettel)
- 3) Saigon Post and Telecommunications Joint Stock Company (Saigon Postel or SPT)
- 4) Maritime Communication and Electronics Company (Vishipel)
- 5) Vietnam Power Telecom Company
- 6) Hanoi Telecom Joint Stock Company (Hanoi Telecom)

Among these, VNPT is still the dominant player over most areas of Vietnam's telecom sector.

American suppliers will find tremendous opportunities in almost every sub-sector, from equipment for telecom infrastructure to many value-added services

- **Nguyen Hoa, Commercial Specialist**
U.S. Commercial Service
U.S. Consulate General in Ho Chi Minh City
E-mail: nguyen.hoa@mail.doc.gov
- **Nguyen Dzung, Commercial Specialist**
U.S. Commercial Service
U.S. Embassy in Hanoi
E-mail: nguyen.dzung@mail.doc.gov
- **Vietnam's Ministry of Posts and Telematics**
www.mpt.gov.vn
- **Vietnam Post & Telecommunications Corporation**
www.vnpt.com.vn